October 1, 2015

Autobytel Acquires AutoWeb in All-Stock Transaction

- Acquisition Positions Autobytel for Growth in New Segment of the Online Marketing Industry -

- Transaction Accretive to 2016 Non-GAAP Diluted EPS; Company Updates 2015 Outlook -

- Autobytel Management to Discuss Acquisition on Call Today at 5:00 p.m. ET -

IRVINE, Calif., Oct. 1, 2015 (GLOBE NEWSWIRE) -- Autobytel, Inc. (NASDAQ:ABTL), a leading provider of online automotive services connecting consumers with dealers, has acquired AutoWeb, Inc. in an all-stock and warrant transaction, effective today. Prior to the acquisition, Autobytel owned approximately 15% of the outstanding capital stock of AutoWeb.

Founded in 2013, AutoWeb provides car dealers and OEMs with an auction-based click marketplace of highly targeted, low-funnel car buyers derived from AutoWeb's proprietary search engine technology. AutoWeb's pay-per-click bidding platform delivers in-market car shoppers to dealer and OEM sites, and maximizes click revenue opportunities with real-time applications targeting the multi-billion dollar paid search vehicle market.

AutoWeb brings Autobytel a suite of products designed to help car dealers increase sales. These products are powered by a sophisticated analytics platform with data methodologies that provide insights into consumer shopping and purchasing behavior. AutoWeb's platform further expands Autobytel's suite of dealer offerings, including TextShield, SaleMove and GoMoto.

Integrating Autobytel's lead generation and customer acquisition processes with AutoWeb's advanced analytics platform is expected to further improve the overall delivery of high-converting, in-market consumers to dealers and OEMs.

"The addition of AutoWeb should dramatically strengthen our position as a technology leader in the online automotive industry," said Jeff Coats, president and CEO of Autobytel. "AutoWeb's proprietary platform, combined with our cutting-edge analytics and consumer acquisition strategies, will provide even more effective and valuable product offerings. These enhanced offerings will help dealers and OEMs better leverage their investments in website properties, especially as dealers increasingly shift advertising budgets from print to digital."

"This acquisition also brings us a world-class technology development team with proven expertise in the clicks and display ad marketplaces," continued Coats. "In fact, AutoWeb's founders have scaled several online companies in the U.S. and internationally that were sold at significant premiums, including the Inc. 500-listed BrokersWeb and, at the time, one of the largest online ad networks in Latin America, ClickDiario. Their addition to our team, coupled with the synergies from our technology and data methodologies, positions us to capitalize on several different verticals within the growing online automotive industry."

AutoWeb CEO Matías de Tezanos added: "The AutoWeb team is very excited to join a prominent leader and pioneer in the online auto industry. We look forward to providing our technical expertise and advanced methodologies to Autobytel's broad suite of products, while further building on the success of our revolutionary pay-per-click platform."

Transaction Details

The transaction consideration consists of approximately 170,000 newly issued shares of Autobytel series B junior participating convertible preferred stock ("series B preferred stock") and warrants exercisable for approximately 150,000 shares of series B preferred stock.

The series B preferred stock is non-voting and, subject to the approval by the company's stockholders, each share of series B preferred stock is convertible into 10 shares of the company's common stock. Upon approval of such conversion by the company's stockholders, all shares of series B preferred stock will automatically convert into shares of company common stock. Prior to such approval, holders of shares of series B preferred stock have the option of converting these shares into company common stock subject to the limitations and restrictions contained in the certificate of designations for the series B preferred stock, including the limitation that the aggregate number of shares of company common stock issued upon conversion of any series B preferred stock cannot exceed 4.9% of the shares of company common stock outstanding immediately prior to the consummation of the transaction. If the conversion of the series B preferred stock has not been approved by the company's stockholders at or before the third annual meeting of stockholders of the company following the close of the transaction, the series B preferred stock will begin accruing dividends payable in shares of series B preferred stock at an annual rate on the conversion value of the shares equal to 8% per annum, compounded quarterly.

The warrants have an exercise price equal to $184.47, which is 10 times the $16.77 closing price of the company common stock on the NASDAQ stock exchange yesterday, plus a 10% premium. Beginning three years after issuance, the warrants become exercisable in three tranches based on the performance of the closing price of the company common stock during the term of the warrants. The warrants will become exercisable in full, without regard to time or performance, in the event the board approves a liquidation, dissolution, winding up or change in control of the company. The warrants expire on the seventh anniversary of the issuance date.

Revised Business Outlook

Autobytel expects total revenue for the third quarter of 2015 to be approximately $39.0 million, representing an increase of approximately 43% from 2014.

Autobytel has increased its fiscal 2015 revenue guidance to range between $132 million and $134 million, representing an increase of approximately 24% to 26% from 2014. The company has also revised its fiscal 2015 non-GAAP diluted EPS guidance to range between $1.17 and $1.23, an increase of approximately 41% to 48% from 2014. The decrease from the company's previously disclosed non-GAAP diluted EPS guidance was entirely driven by the additional shares outstanding as a result of today's transaction. Autobytel expects the acquisition to be accretive to its non-GAAP diluted EPS in 2016.

Appointment of New Directors and Officers

In connection with the acquisition, Matías de Tezanos, José Vargas and Robert Mylod have been appointed to the Autobytel board of directors.

In addition to being appointed to the company's board of directors, Matías de Tezanos, Autoweb's CEO and director, was appointed to the new position of Autobytel's chief strategy officer. Tezanos also serves as a director of People F, Inc. (PeopleFund). Previously, Tezanos served as CEO of BrokersWeb, which was listed in Inc. 500 as the #1 insurance advertising and marketing company in revenue growth during 2011, and was acquired during the same year by VantageMedia. He was also previously CEO of ClickDiario Network, one of the largest ad networks in Latin America, which was acquired by FOX International Channels in 2007. Tezanos is a serial entrepreneur who has founded, built, and successfully exited multiple startup internet companies.

In addition to being appointed to the company's board of directors, Jose Vargas, AutoWeb's president and director, was appointed to the new position of Autobytel's chief revenue officer. Vargas serves as a director for Healthcare, Inc., and People F, Inc. (PeopleFund). Previously, Vargas served as president and director of BrokersWeb prior to its acquisition by Vantage Media, and also served as president and director of BlueKite, a finance technology company acquired by Xoom Corporation in 2014. Vargas is also a serial entrepreneur who has founded, built, and successfully exited multiple startup companies.

Robert Mylod, a director of AutoWeb, is currently the managing partner and founder of Annox Capital Management, a private investment firm. Mylod previously held several roles at Priceline.com, including vice chairman, head of worldwide strategy and planning, and CFO. Prior to Priceline.com, he was a principal at Stonington Partners, a private equity investment firm. Prior to Stonington Partners, he was an associate with Merrill Lynch Capital Partners, the merchant bank division of Merrill, Lynch & Co. Mylod is a member of the board of directors of several privately-held companies in which Annox Capital Management or its affiliates are a principal investor.

Conference Call

Autobytel will hold a conference call today at 5:00 p.m. Eastern time to discuss the AutoWeb transaction, followed by a question-and-answer session.

Date: October 1, 2015
Time: 5:00 p.m. Eastern time (2:00 p.m. Pacific time)
Toll-free dial-in number: 877-852-2929
International dial-in number: 404-991-3925
Conference ID: 53105675

The conference call will also be broadcast live at www.autobytel.com (click on "Investor Relations" and then click on "Events & Presentations"). Please visit the website at least 15 minutes prior to the start of the call to register and download any necessary software.

For those who will be joining the call by phone, please call the conference telephone number 5-10 minutes prior to the start time. If you have any difficulty connecting with the conference call, please contact Liolios Group at 949-574-3860.

A replay of the conference call will be available after 8:00 p.m. Eastern time on the same day through October 8, 2015. The call will also be archived in the Investor Relations section of Autobytel's website for one year.

Toll-free replay number: 855-859-2056
International replay number: 404-537-3406
Replay ID: 53105675

Tax Benefit Preservation Plan

At December 31, 2014, the company had approximately $94.5 million in available net operating loss carryforwards ("NOLs") for U.S. federal income tax purposes. The company's Tax Benefit Preservation Plan ("Plan") was adopted by the company's Board of Directors to preserve the company's NOLs and other tax attributes and thus reduce the risk of a possible change of ownership under Section 382 of the Internal Revenue Code. Any such change of ownership under Section 382 would limit or eliminate the ability of the company to use its existing NOLs for federal income tax purposes. Rights issued under the Plan could be triggered upon the acquisition by any person or group of 4.9% or more of the company's outstanding common stock and could result in substantial dilution of the acquirer's percentage ownership in the company. As of August 3, 2015, there were 10,499,719 shares of the Company's common stock outstanding. There is no guaranty that the Plan will achieve the objective of preserving the value of the company's NOLs. For more information, please visit http://investor.autobytel.com/tax.cfm.

In connection with the AutoWeb transaction, the company' board of directors considered and granted to the AutoWeb stockholder group an exemption under the Tax Benefit Preservation Plan.

About Autobytel

Autobytel Inc. provides high quality consumer leads and associated marketing services to automotive dealers and manufacturers throughout the United States. The company also provides consumers with robust and original online automotive content to help them make informed car-buying decisions. The company pioneered the automotive Internet in 1995 with its flagship website www.autobytel.com and has since helped tens of millions of automotive consumers research vehicles; connected thousands of dealers nationwide with motivated car buyers; and has helped every major automaker market its brand online.

Investors and other interested parties can receive Autobytel news alerts and special event invitations by accessing the online registration form at investor.autobytel.com/alerts.cfm.

About Non-GAAP Financial Measures

Autobytel has disclosed non-GAAP diluted EPS in this press release, which is a non-GAAP financial measures as defined by SEC Regulation G, for fiscal 2015. The company defines non-GAAP diluted EPS as GAAP net income before amortization of acquired intangibles, non-cash stock-based compensation, acquisition costs, severance costs, litigation settlements and income taxes, divided by weighted average diluted shares outstanding. The company's management believes that presenting non-GAAP EPS provides useful information to investors regarding the underlying business trends and performance of the company's ongoing operations and is a better metric for monitoring the company's performance given the company's net operating loss (NOL) tax credits. This non-GAAP financial measure is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review the company's consolidated financial statements in their entirety and to not rely on any single financial measure.

Forward-Looking Statements Disclaimer

The statements contained in this press release that are not historical facts are forward-looking statements under the federal securities laws. These forward-looking statements, including, the statements that: (i) integrating Autobytel's lead generation and customer acquisition processes with AutoWeb's advanced analytics platform is expected to further improve the overall delivery of high-converting, in-market consumers to dealers and manufacturers; (ii) AutoWeb's proprietary platform, combined with our cutting edge analytics and consumer acquisition strategies, will provide even more effective and valuable product offerings, and that these enhanced offerings will help dealers and manufacturers better leverage their investments in website properties; (iii) Autobytel expects total revenue for the third quarter of 2015 to be approximately $39.0 million, representing an increase of approximately 43% from 2014; (iv) the company's revenue guidance for fiscal 2015 has been revised upward with revenues to range between $132 million and $134 million, representing an increase of approximately 24% to 26%% from 2014; (v) the company has also revised its fiscal 2015 non-GAAP diluted EPS guidance to range between $1.17 and $1.23, an increase of approximately 41% to 48% from 2014; and (vi) Autobytel expects the acquisition to be accretive to its non-GAAP diluted EPS in 2016, are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed in, or implied by, these forward-looking statements. Autobytel undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements are changes in general economic conditions; the financial condition of automobile manufacturers and dealers; disruptions in automobile production; changes in fuel prices; the economic impact of terrorist attacks, political revolutions or military actions; failure of our internet security measures; dealer attrition; pressure on dealer fees; increased or unexpected competition; the failure of new products and services to meet expectations; failure to retain key employees or attract and integrate new employees, including as a result of the transaction; actual costs and expenses exceeding charges taken by Autobytel; changes in laws and regulations; costs of legal matters, including, defending lawsuits and undertaking investigations and related matters; the ability of Autobytel to recognize the benefits of the transaction; risks that the transaction disrupts current plans and operations; and other matters disclosed in Autobytel's filings with the Securities and Exchange Commission. Investors are strongly encouraged to review the company's Annual Report on Form 10-K for the year ended December 31, 2014 and other filings with the Securities and Exchange Commission for a discussion of risks and uncertainties that could affect the business, operating results or financial condition of Autobytel and the market price of the company's stock.

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